

FORMS MANUAL INSERT

FORM RD 3560-13

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(02-05)FORM APPROVED
OMB NO 0575-0189**MULTI-FAMILY PROJECT OWNER'S/MANAGEMENT AGENT'S
MANAGEMENT CERTIFICATION**

Owners of insured and assisted multifamily housing projects are required by administrative guidelines as found in HB-2-3560, the Rural Housing Multi-Family Asset Management Handbook, to submit certain data for review by the Servicing Official's approval of a new management agent. These requirements apply to insured multifamily projects and subsidized, non-insured projects that are not financed by State Agencies or the Department of Housing and Urban Development.

Project Name	RHS Project Number	Date (mm/dd/yyyy)
City, State	RA Agreement Number	

Acting on behalf of _____

the Project Owner (Owner), and _____, the Management Agent (Agent), we make the following certifications and agreements to the United States Department of Agriculture regarding management of the above project.

1. We certify that:

- We will comply with Rural Development requirements and contract obligations, and agree that no payments have been made to the owner in return for awarding the management contract to the agent, and that such payments will not be made in the future.
- We have executed or will execute, within 30 days after receiving the approval(s) required by paragraph b below, a Management Agreement for this project. The Agreement provides / will provide that the Management Agent will manage the project for the term and fee described below. Changes in the fee will be implemented only in accordance with Rural Development's requirements.

(1) Term of Agreement: _____

(2) Fees:

(a) PUMP Fee (Occupied Units Only) _____

(3) Calculation of Estimated Yield (See Attachment 1.) _____

c. We will disburse management fees from project income only after:

- We have submitted this Certification to Rural Development;
 - Rural Development has approved the Agent to manage this project; and
 - Rural Development has approved the management fee (if required).
- d. We understand that no fees may be earned or paid after Rural Development has terminated the Management Agreement.
- e. If Rural Development notifies me of an excessive management fee, the Agent, will within 30 days of the notice either:
- Reduce the compensation to an amount Rural Development determines to be reasonable and
 - Require the Agent to refund to the project all excessive fees collected, or
 - Appeal the decision and abide by the results of the appeal process, making any required reductions and refunds within 30 days after the date of this decision letter on the appeal.

2. We will select and admit tenants, compute tenant rents and assistance payments, recertify tenants and carry out other subsidy contract administration responsibilities in accordance with HB-2-3560 and other Rural Development regulations.

3. We agree to:

- Comply with this project's Mortgage and Promissory Note, and Loan Agreement/Resolution or Workout Agreement.
- Comply with Rural Development Handbooks or other policy directives that relate to the management of the project.
- Comply with Rural Development requirements regarding payment and reasonableness of management fees and allocation of management costs between the management fee and the project account.
- Refrain from purchasing goods or services from entities that have identity-of-interest with us unless the costs are as low as or lower than arms-length, open-market purchases.

4. The Agent agrees to:

- Ensure that **all** expenses of the project are reasonable and necessary.
- Exert reasonable effort to maximize project income and to take advantage of discounts, rebates and similar money-saving techniques.
- Obtain contracts, materials, supplies and services, including the preparation of the annual financial reports, on terms most advantageous to the project.
- Credit the project with **all** discounts, rebates or commissions including any sales or property tax relief granted by the State or local government received.
- Obtain the necessary verbal or written cost estimates and document the reasons for accepting other than the lowest bid.
- Maintain copies of such documentation and make such documentation available for your inspection during normal business hours.
- Invest project funds that Rural Development policies require to be invested and take reasonable effort to invest other project funds unless the owner specifically directs the Agent not to invest those other funds.

5. We certify that the types of insurance policies checked below are in force and will be maintained to the best of our ability at all times.

Fidelity bonds and hazard insurance policies will name Rural Development as a co-payee in the event of loss.

Note: For any box not checked, attach an explanation as to why you cannot obtain that type of insurance. Such situations should be extremely rare.

a. ☐ Fidelity bond or employee dishonesty coverage for

- all principals of the Agent and;
- all persons who participate directly or indirectly in the management and maintenance of the project and its assets, accounts and records.

b. ☐ Hazard insurance coverage required by Rural Development regulations.c. ☐ Public liability coverage required by Rural Development regulations.

6. The Agent agrees to:

- Furnish a response to Rural Development's management review reports, physical inspection reports, and written inquiries regarding the projects annual financial statements or monthly accounting reports within 30 days after receipt of the report or inquiry.
- Establish and maintain the project's accounts, books and records in accordance with:
 - Rural Development's administrative requirements;
 - generally accepted accounting principles; and
 - in a condition that will facilitate financial reporting.

7. We agree that:

- All records related to the operation of the project, regardless of where they are housed, shall be considered the property of the project.
- Rural Development, the General Accountability Office (GAO), and those agencies' representatives may inspect :

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Form to be used by loan applicants or borrowers to request Agency approval of property's management agent prior to entering into any formal agreement

(see reverse)

PROCEDURE FOR PREPARATION

: HB-2-3560.

PREPARED BY

: Loan Applicants, Borrowers, and Management Agents.

NUMBER OF COPIES

: Original and two copies.

SIGNATURES REQUIRED

: Loan Applicant, Borrower, and Management Agent.

DISTRIBUTION OF COPIES: Original and one copy to Servicing Office.
Copy to the Borrower and/or Management Agent.

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- (1) any records which relate to the project's purchase of goods or services,
(2) the records of the Owner and the Agent, and
(3) the records of companies having an identity-of-interest with the owner and the agent.
- c. The following clause will be included in any contract entered into with an identity-of-interest individual or business for the provision of goods or services to the project: "Upon request of Rural Development or (name of owner or Agent), (name of contractor or supplier) will make available to Rural Development, at a reasonable time and place, its records and records of identity-of-interest companies which relate to goods and services charged to the project. Records and information will be sufficient to permit Rural Development to determine the services performed, the dates the services were performed, the location at which the services were performed, the time consumed in providing the services, the charges made for materials, and the per unit and total charges levied for said services." The owner agrees to request such records within seven (7) days of receipt of Rural Development's request to do so.
8. We certify that any Management Agreement does not contain the types of "hold harmless" clauses prohibited by Rural Development.
9. We agree to include the following provisions in the Management Agreement and to be bound by them:
a. Rural Development has the right to terminate the Management Agreement for failure to comply with the provisions of this Certification, or other good cause, 30 days after Rural Development has mailed the owner a written notice of its desire to terminate the Management Agreement.
b. In the event of a default under the Mortgage, Note or Loan Agreement/Resolution, Rural Development has the right to terminate the Management Agreement immediately upon Rural Development's issuance of a notice of termination to the Owner and Agent.
c. If Rural Development exercises this right of termination, I, the Owner, agree to promptly make arrangements for providing management that is satisfactory to Rural Development.
d. If there is a conflict between the Management Agreement and Rural Development's rights and requirements, Rural Development's rights and requirements will prevail.
e. If the Management Agreement is terminated, I, the Agent, will give to the Owner all of the project's cash, trust accounts, investments and records within 30 days of the date the Management Agreement is terminated.
10. I, the Owner, agree to submit a new Management Certification to Rural Development before taking any of the following actions:
a. Authorizing the agent to collect a fee different from the fees specified in Paragraph 1 of this Certification.
b. Changing the expiration date of the Management Agreement.
c. Renewing the Management Agreement.
d. Permitting a new Agent to operate the project.
e. Permitting a new Agent to collect a fee.
f. Undertaking self-management of the project.
11. We agree to:
a. Comply with all Federal, State, or local laws prohibiting discrimination against any persons on grounds of race, color, creed, familial status, handicap, sex or national origin, including Title VI of the Civil Rights Act of 1964, Fair Housing Act, Executive Order 11063 and all regulations implementing those laws.
b. When the head of household or spouse is otherwise eligible, give families with children equal consideration for admission.
c. Give handicapped persons priority for subsidized units that were built and equipped specifically for the handicapped.
d. If the project receives any form of direct Federal financial assistance, comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975 and all regulations and administrative instructions implementing these laws. The Agent understands that these laws and regulations prohibit discrimination against applicants or tenants who are handicapped or of a certain age.
e. Furnish Rural Development any reports and information required to monitor the project's compliance with Rural Development's fair housing and affirmative marketing requirements.
f. Not discriminate against any employee, applicant for employment or contractor because of race, color, handicap, religion, sex or national origin.
g. Provide minorities, women and socially and economically disadvantaged firms equal opportunity to participate in the project's procurement and contracting activities.
12. We certify that we have read and understand Rural Development's definition of "identity-of-interest" and that the statement(s) checked and information entered below are true.
a. ☐ No identity-of-interest exists among the Owner, the Agent and any individuals or companies that regularly do business with the project, or
b. ☐ Only the individuals and companies listed on Form RD 3560-31 have an identity-of-interest with the Owner.
13. The items checked below are attached:
☐ Management Plan
☐ Identity-of-Interest (IOI) Disclosure Qualification Certificate or Certification of NO Identity-of-Interest (IOI)
☐ Other (Specify):
- Warnings:**
There are fines and imprisonment for anyone who makes false, fictitious, or fraudulent statements or entries in any matter within the jurisdiction of the Federal Government (18 U.S.C. 1001).
There are fines and imprisonment for anyone who misuses rents and proceeds in violation of Rural Development regulations relative to this project. This applies when the mortgage note is in default or when the project is in a nonsurplus cash position (Section 543 of the Housing Act of 1949).
Rural Development may seek a "double damages" civil remedy for the use of assets or income in violation of any Loan Agreement/Resolution or any applicable Rural Development regulations.
Rural Development may seek additional civil money penalties to be paid by the mortgagor through personal funds for:
(1) Violation of an agreement with Rural Development to use non-project funds for certain specified purposes as a condition of receiving transfers of physical assets, flexible subsidy loan, capital improvement loan, modification of mortgage terms or workout. The penalties could be as much as the USDA Secretary's loss at foreclosure sale or sale after foreclosure.
(2) Certain specific violations of the Loan Agreement/Resolution. The penalties could be as much as \$50,000 per occurrence (Section 543 (b) of the Housing Act of 1949).
- By Project Owner:**
- _____
Name/Title
- _____
Signature
- _____
Date (mm/dd/yyyy)
- By Management Agent:**
- _____
Name/Title
- _____
Signature
- _____
Date (mm/dd/yyyy)

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Project Name	RHS Project Number	Date (mm/dd/yyyy)
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Rural Development Use Only (Check all boxes that apply)

An up-front review of the management fee was: ☐ Required ☐ Not Required

☐ The management fees quoted in paragraph 1a and explained in Attachment of this Certification are approved.

☐ The management fees quoted in Attachment of this Certification are **not** approved.

☐ The attached letter, dated (mm/dd/yyyy) _____, explains the reasons for this disapproval and sets forth the allowable Management fees.

☐ The residential management fee **Yield** is capped at \$ _____ PUPM.

By Servicing Official:

Name/Title

Signature

Date (mm/dd/yyyy)

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Attachment - Calculation of Estimated Yields from Proposed Management Fees		
Project Name	RHS Project Number	Date (mm/dd/yyyy)
Occupied Unit Fee/Fee Conversion		
Monthly residential gross rent potential	\$	

Show dollar amount(s), purpose(s), and time period(s) covered. Describe performance standards and target dates for accomplishment of special tasks. (Attach additional sheets, if needed.)